

Berezina Liudmyla  
Doctor of Economic Sciences, Professor,  
Bahaa Nadiia  
Postgraduate Student,  
Poltava State Agrarian Academy, Poltava, Ukraine

## **LABOR MARKET OF UKRAINE: TRENDS OF DEVELOPMENT**

One of the important factors of social production is labor. On the labor market the demand and supply of labor are formed, the division of the latter and the definition of prices for various types of labor activity are ensured. As labor is a unique product, the labor market is rather specific. But it should be kept in mind that it sells not a worker, but his ability to work. Right on the labor market the seller and buyer of the work force interact; they reach agreement on the basis of legal and economic levers and conclude the relevant agreements [2].

For the first time since 2013, the growth of employment in Ukraine has been observed: in the first quarter of 2018, the number of working people increased by 149 thousand. If during the same period in 2017 the share of the employed population was 55.2%, now it is 55.9%.

However, the unemployment rate in Ukraine is still high: according to the International Labor Organization's methodology, unemployment in Ukraine is 9.7%, whereas in the EU countries it is 7.4% [6].

The development of the labor market in rural areas is significantly influenced by a set of factors of economic and social orientation, as well as the effect of objective and subjective laws of human development. On the one hand, the agro-industrial complex feels a shortage of skilled personnel; on the other hand, there is the excess of supply of rural labor over demand. The irreversible process of aging and reduction of skilled specialists of agricultural enterprises of all forms of ownership continues. The insufficient level of development of new productions in the village and non-agricultural activities leads to an increase in the migration of rural population to cities and beyond the country. The existing educational and

qualification potential of peasants is not fully realized, which negatively affects the main production indicators and the results of economic activity of enterprises of various forms of ownership and the development of social infrastructure [4].

The dynamics of the average number of workers employed in agriculture is analyzed below (Table 1).

*Table 1*

**The dynamics of the number of workers employed in the agriculture, forestry and fish farming of Ukraine, 2012 - 2016, thousand of people**

Years	Indexes	
	Agriculture, forestry and fish farming	Share of employed in agriculture, %
2012	3308,5	17,18
2013	3389	17,55
2014	3091,4	17,10
2015	2870,6	17,46
2016	2866,5	17,61
Absolute deviation (+;-) of 2016 from 2012	-442	0,43
Relative deviation (%) of 2016 from 2012	86,64	X

*The source is generalized by the authors according to [1]*

The analysis of data in Table 1 shows that the average number of workers employed in agriculture, forestry and fish farming of Ukraine for 2012 – 2016 decreased by 13.4% and amounted to 2866.5 thousand people. The share of workers employed in agriculture in the total number of employees increased by 0.43% to 17.61%. In general, the share of workers employed in agriculture during the last 5 years, from 2012 to 2016, remained almost unchanged and fluctuated at the average level of 17.5%.

The structure of the employed population by type of economic activity is considered below (Fig. 2).

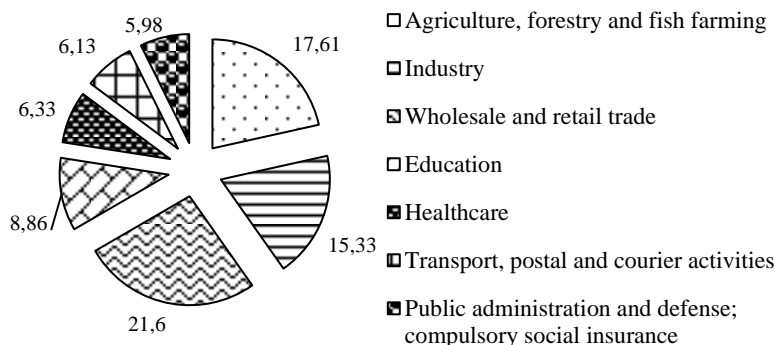


Fig.1 Sectoral structure of the employed population by types of economic activity in Ukraine, 2016

*The source is generalized by the authors according to [1]*

Analyzing Fig. 2 it should be noted that agriculture, forestry and fish farming take second place by the number of employed population with a specific weight of 17.6%. The first place is wholesale and retail trade – 21.6%.

Economic growth creates the preconditions for increasing employment and incomes of population, increasing productivity of its labor. However, the objective features of the exit from the crisis of individual industries and enterprises, significant differences in the ratio of intensive and extensive factors determine the inevitable disproportions of the national labor market. First and foremost, there is a shortage of jobs and a high proportion of jobs with dangerous working conditions and low labor quality requirements.

Labor force often does not meet modern requirements regarding its vocational education, labor and executive discipline, mobility and economic activity in general. The consequence of imbalances in demand for labor supply is high unemployment [3].

As of July 27, 2018, the number of people who receive unemployment benefits from the state budget is 236 thousand, which is 8% less than a year ago. The maximum amount of such assistance is 7048 UAH, and 5% of the unemployed receive it. The minimum wage of 544 UAH is paid by the State Employment Service to those who are not insured, one in four among the registered unemployed [6].

The unemployment rate of the population by sex and place of residence is considered below (Fig. 2).

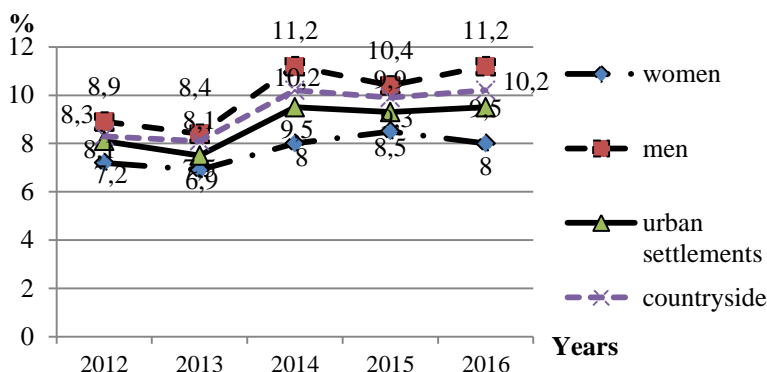


Fig. 3. The unemployment rate of the population of Ukraine by sex and place of residence (according to the ILO methodology), 2012-2016.

*The source is generalized by the authors according to [1]*

Analyzing the data obtained, an increase in the unemployment rate in all of all the studied categories of the population is observed. In particular, among men, from 2012 to 2016 unemployment increased by 2.3%, as of 2016 it is 11.2%, among women – by 0.8% (it is 8.0%). With regard to urban settlements and rural areas, there is an increase in both categories, however, the percentage of unemployment is higher in rural areas – 10.2% as of 2016. This indicator has a significant impact on the seasonal nature of production, spread in agriculture.

Since the beginning of 2018 in Kirovohrad, Mykolaiv, Poltava, Ternopil and Kherson regions, the number of vacancies has increased by 20% from the beginning of the year. The most significant decrease (20-30%) of the number of vacancies was observed in the Rivne and Sumy regions of Ukraine [6].

The amount of registered unemployed per 10 vacancies is examined below (Fig. 3).

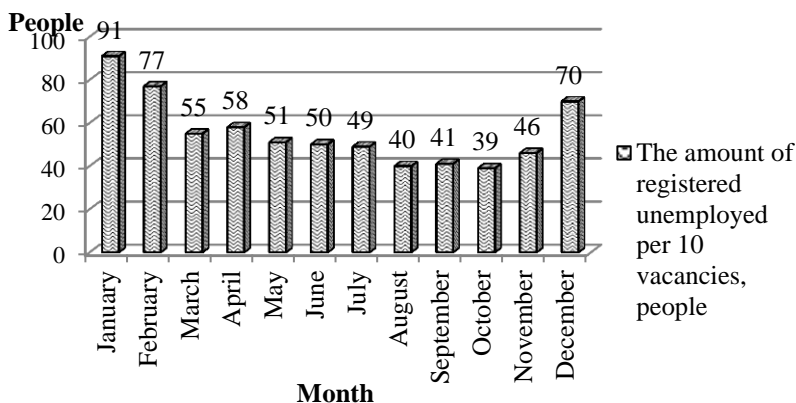


Fig. 3. The amount of registered unemployed in Ukraine per 10 vacancies (vacant posts), 2017

*The source is generalized by the authors according to [1]*

Analyzing the data of Fig. 3, we observe the fluctuations of the amount due to the seasonal nature of the production occurring in the spring and autumn period, and the increase in the number of unemployed in winter.

The dynamics of the employed and unemployed population of able-bodied age in Ukraine is considered below (Fig. 4).

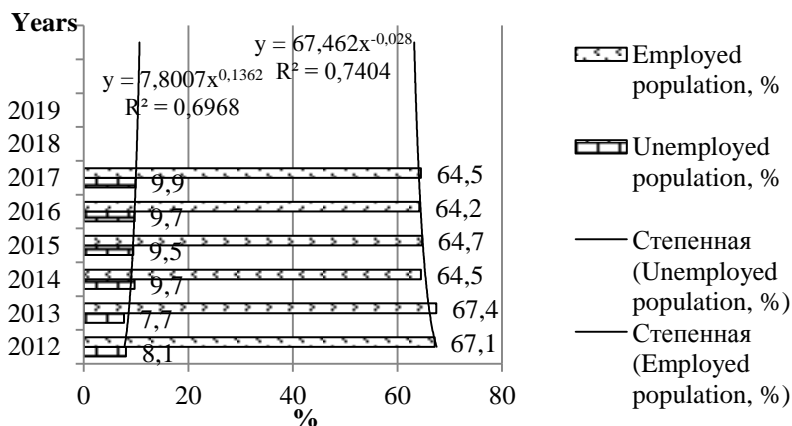


Fig. 4. The dynamics of the employed and unemployed population of able-bodied Ukraine, 2012-2017.

*The source is generalized by the authors according to [1]*

Analyzing the data obtained, we note that the level of employment from 2012 to 2017 decreased by 2.6%, while the unemployment rate, in turn, increased by 1.8%. Having forecasted for 2018-2019 we have a tendency to increase the employment rate, which in 2018 will amount to 71.24%, in 2019 – 71.51%. Also, the unemployment rate will increase to 10.17% in 2018 and to 10.35% in 2019.

According to the ILO methodology, an economically inactive population is people aged 15-70, who cannot be classified as either employed or unemployed, i.e. that is a part of the population which is not a part of the labor resources [5].

The structure of economically inactive population of Ukraine in 2017 is considered below (Fig. 5).

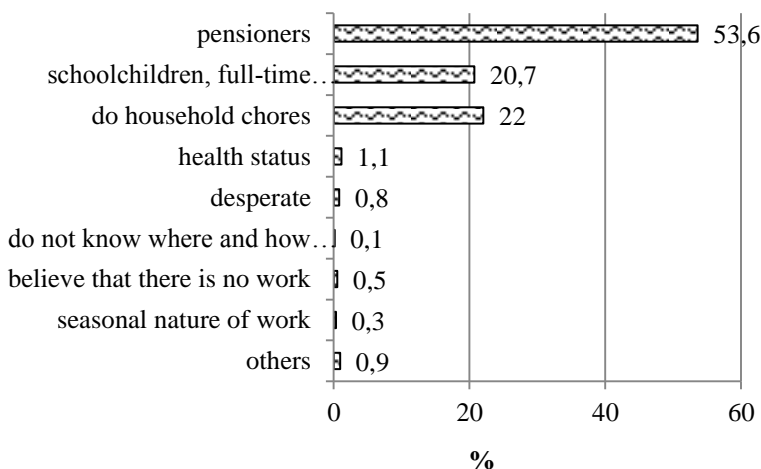


Fig. 5. Economically inactive population of Ukraine, 2017, %  
*The source is generalized by the authors according to [1]*

The data of Fig. 5 indicate that the most part of the economically inactive population is occupied by 53.6% of pensioners, 22% of those who do household chores and 20.7% of schoolchildren and full-time students. The lowest rate of 0.1% falls on those who do not know where and how to look for a job.

The average employees' salary for a month (quarter, year) as a whole in an enterprise, institution, organization is calculated by dividing the sums accrued from the employee remuneration fund

both in cash and in natural forms, to the average number of employees, which is taken to calculate the average salary and other averages (the average total number of staff in full-time equivalent) over the relevant period [7].

The dynamics of the average monthly salary of employees in Ukraine in 2018 is examined below (Fig. 6).

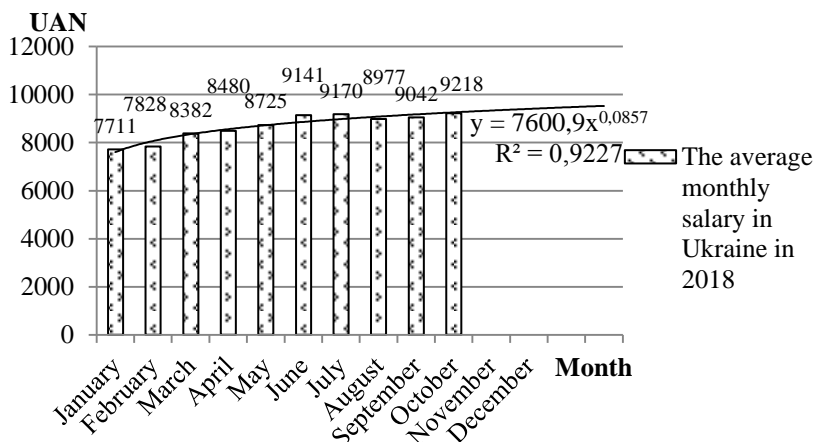


Figure 6. The dynamics of the average monthly salary in Ukraine per month, 2018, UAH

Analyzing the data of Fig. 6 we note that there is a tendency to increase nominal salary for the period from January to October 2018 by 1507 UAH.

The forecast of monthly salary growth for November 2018 shows that it will grow to 9334 UAH, and in December 2018 – up to 9405 UAH.

The situation on the Latvian labor market is significantly different from the situation in Ukraine. Thus, the number of unemployed in 2009-2018 has decreased almost threefold: in August 2009, there were 203 thousand people without work and in May 2018 – 71 thousand (7.3%). The number of vacancies registered with the State Employment Service has increased by 10 times. In August 2009, 1875 vacancies were vacant, in May 2018 – 19421. Employees find difficult due to labor migration from Latvia, despite the fact that

salaries are increasing: in March 2010 the average salary was 449 EUR, in March 2018 – 733 EUR (according to the Central Statistical Office). There are not very many migrants in Latvia: at the beginning of 2018, there were 4006 registered workers from third countries, more than half (2155) from Ukraine. In Latvia, labor migration from the country is already the second decade, which creates its problems in the development of the labor market [8].

The main directions of increasing the employment rate of the rural population in Ukraine are, first of all, the following: the intensification of the development of labor-intensive agricultural sectors, processing and other industrial enterprises; raising the level of employment in private peasant farms; proper development of the social infrastructure of agro-industrial units. Considering the development of labor-intensive branches of agrarian enterprises (livestock, horticulture, horticulture, viticulture, etc.), it should be noted that they contribute not only to the increase in the number of people employed there in general for the year, but also to reduce the seasonal use of labor during the year. At the same time, it is advisable to diversify the employment of rural population by developing small and medium-sized businesses in the social sphere, processing agricultural raw materials, and also stimulating self-employment and development of agro-tourism. Positive changes should also take place in the regulatory framework on labor and rural employment and education [2].

In order to stimulate the development of the labor market in Ukraine, it is necessary to create a favorable legal field of entrepreneurial activity, to improve the taxation system, to provide favorable conditions for the producers to obtain loans, to develop the system of information provision, to increase the level of scientific and educational provision of producers. It is precisely these measures at the macro level that will help to overcome the negative tendencies of the mismatch of supply and demand in the labor market.

It is also worth noting that efficient management of labor resources at all levels plays an important role in ensuring the high results of economic activity and ensuring the competitiveness of economic entities, which in turn will contribute to raising the standard of living of the population.



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